



2008 Session Report

Dear neighbors,

Thank you for allowing me to serve as your representative in the Washington State House of Representatives. It's an honor and a privilege, and the most fun I've had in 20 years.

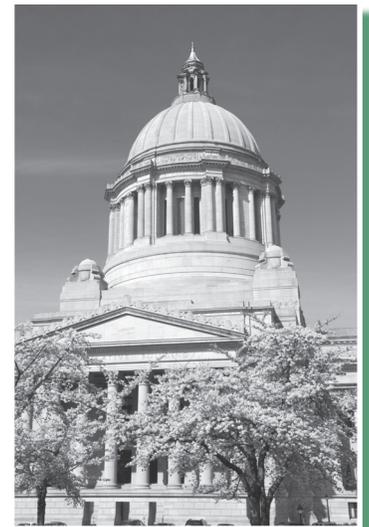
We've just finished the 60-day "short session." Thousands of bills were introduced, but only a few hundred made it to the Governor's desk.

Read on for a snapshot of this session's highlights and lowlights. If you have any questions, I'm now back in my Bellevue district office and encourage you to call or visit.

Sincerely,

A handwritten signature in green ink that reads "Ross Hunter".

Rep. Ross Hunter



Keeping in touch

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Finance (Chair)
Appropriations
Appropriations Subcommittee
on Education

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Save the Date: Town Hall Meeting

Join me, Representative Deb Eddy and Senator Rodney Tom for a discussion about the 2008 session.

When: May 20th at 6 p.m.

Where: Redmond City Hall
15670 NE 85th Street

Updating the Budget

As you might know, our newest revenue forecast predicts a \$423 million drop in state revenue for the rest of the 2007-2009 biennium. This is only about 1.5% of the budget, so is nothing to panic over. Despite the reduced revenue, legislators adopted a supplemental budget that mostly deals with required spending increases such as increases in Medicaid populations, addresses the reduced revenue picture, and still leaves an impressive \$850 million in reserves. The vast bulk of our spending went towards required increases, and only a few targeted new investments.

The picture for next biennium suggests that we'll have some work to do to balance our budget. But revenue projections for future biennia are notoriously fickle, and the forecast is usually lower than the actual revenue. There have been predictions of impending disaster for every budget I've worked on in Olympia, with none coming true. I expect we will get the same predictions this year from people who want to make political hay out of it.

Education Funding Still Needs Work

Education funding is the one element of the budget that I care about most, and there are several reforms lawmakers need to enact if we're serious about adequately funding basic education.

For example, consider increases in teacher pay. Legislators approved a cost-of-living adjustment for teachers to bring them closer to where they would have been had we not suspended Initiative 732 during the terrible budget year of 2003.



Unfortunately, our current system means that state increases in teacher compensation force school districts to increase locally-funded salaries and other types of add-on compensation for their teachers.

This often causes districts to make cuts in other programs so they can pay for the raises.

Ultimately, we funded the salary increase for teachers and provided funding to districts to offset their resulting costs.

We also kept our commitment to fund all-day kindergarten. Both are important pieces of our commitment to basic education. But I believe our commitment won't be truly fulfilled until we rewrite the formula for education funding.

As Chair of the House Finance Committee, my main job is to be responsible for the revenue side of our state budget.



Bills We Passed

I introduced several bills this year and most made it through the process more or less intact, with some notable exceptions.

I pushed **two bills dealing with the Port of Seattle performance audit**. One (HB 3259) passed the House but died in the Senate. The other was replaced by a more focused bill that lawmakers approved. Both bills are a reasonable response to the horrific performance audit of the Port's contracting practices. The legislation requires all ports to follow the same transparent contracting processes that other public agencies have to follow.



HB 3317 revises the process and timeline for approving new mathematics and science standards. We've tried for years to substantially improve mathematics and science standards in Washington, and are very close to fixing the math standards this year. The Senate version of my bill passed, extending the timelines and changing the approval process so the State Board of Education is responsible for the review process instead of the Superintendent of Public Instruction.

We passed the Senate version of one of my bills – **HB 3054**. This bill rejiggers the complex funding streams that fund Seattle's two sports stadiums and provide the **major funding stream for arts programs in King County**. The arts funds will stop abruptly in about three years and I proposed a

fix to allow them to continue. Unfortunately the legislation sunsets in a year, so we will have to revisit it next session.

I introduced a bill (**HB 2545**) to correct a problem with how **ballot titles for property tax lid lifts** are written. Another member introduced a more elegant solution, so I moved her bill forward instead. The problem was an unintended side-effect of a bill from last year that allowed all tax districts to offer six-year lid lifts, not just a handful of them. The six-year lift is more efficient for the districts and still allows taxpayer input, but the Attorney General's office and the Department of Revenue worried that the same bill inadvertently stripped the requirement to state whether the base levy increases are temporary or permanent. We clarified the language to make sure the law is clear to everyone.

520 Bridge Replacement – We're making progress

We desperately need a new bridge across Lake Washington but until now the project has failed to move forward for two primary reasons: lack of funding, and disagreements about the bridge design and expandability for future transit options.

Funding Challenges

The bridge will cost about \$4 billion. We can expect about \$2 billion from state and federal sources, largely the gas tax, leaving a gap of about \$2 billion.



Proponents hoped that passage of Proposition 1 (the Roads and Transit measure) on November's ballot would help, but the measure failed.

So now, the \$2 billion gap will likely be funded by tolls, and the Legislature passed a bill this year to establish a process for setting the tolls.

(continued on back page)

Bills We Need to Keep Working On

Earned Income Tax Credit (EITC)

The EITC is a federal program that refunds payroll taxes to low-income working taxpayers. There is a proposal to create a similar program in Washington, writing "refund" checks to low-income working taxpayers as a percentage (proposed 10%) of the federal program.

Unfortunately the program will cost between \$110 and \$130 million in the next biennium. Given the static revenue picture, funding would have to come from other spending programs, either K-12 education, early learning, healthcare, or higher education.

We have to prioritize how we spend our revenue.

In general, I prefer to invest in programs that improve people's ability to make a living in the future, rather than programs that provide cash distributions today. The EITC would fall in the "distributions now" category.

A \$110 million investment in higher education opportunities for low-income workers would have a significantly greater impact on their future life than a small cash distribution. If this program came with a revenue stream I would be much more excited about it, as it would improve the progressivity of our tax system, which is the most regressive in the nation. Without a revenue stream it is just a spending program that will compete for dollars, so I did not support it this year.

Prescription Data Privacy

When you pick up a prescription at the drug store, the data about who prescribed it is collected and sold to the drug companies. They then use the data to target their marketing at doctors. For example, if your doctor has a pattern of prescribing one particular heartburn drug to patients, the manufacturer of a competing drug might aim a marketing campaign at her to get her to shift.

My understanding is that federal law requires the data about the individual patient to be removed, but the data about your doctor is not. This still gives me the creeps. I don't want my personal prescription data available to the drug companies.

If we are going to lower the cost of medical care we need to make sure that doctors are getting credible, current information about the efficacy of particular drugs, relative to the cost. Depending on drug companies to provide balanced information to doctors seems foolish to me.

Like most policy decisions this isn't a slam-dunk. The drug companies have some good arguments about why they should have access to prescription data, but on the whole I believe we are best served by protecting the privacy of doctors and their patients.

Unfortunately the bill did not pass in the House.

The big questions we still face are – when will the tolls start and should we toll I-90. We can reduce the eventual size of the toll significantly if we start tolling as soon as we start construction. In addition, tolling I-90 will prevent it from turning into a parking lot. Ultimately, I don't support tolling until we finish design and start construction.

Design Compromises

The bridge design has sparked debate on both sides of the lake and on both sides of the transit debate. West-side neighborhoods do not want a concrete monstrosity running through their neighborhoods. Transit proponents are vying for more transit options. I understand both concerns and agree that we need to make sure we don't preclude additional transit options for future generations.

The current design is six lanes running straight from I-405 to I-5 with four general purpose lanes and two HOV/transit lanes. This is a reasonable compromise that protects transit options in the future and protects Montlake neighborhoods. Best of all, **we will be able to complete the bridge in 2014. This is a major victory.**

Proud to be one of the "practical people"

"For now, practical people dug in and said there has to be a solution, there has to be a new bridge. That is an achievement in a region that thrives on political gridlock."

– Joni Balter, *Seattle Times*, March 13, 2008

Flexcar – Rental car taxes should not apply

Flexcar (now called Zipcar) offers a novel way of providing rental cars to subscribers. It's more like a car-sharing service. The company parks cars throughout the county and gives subscribers keys. The availability of cars near your house or place of business makes it a lot easier to abstain from owning a car, or at least from owning more than one. In theory it makes taking transit easier, reducing congestion on the roads.

There are several existing taxes on rental cars. The Department of Revenue recently realized that Flexcar wasn't paying these taxes and pointed out that current law requires them to do so. There is a lot of interest in providing a "fix" for car-sharing services like Flexcar that would make them not liable for the tax. I share this interest – it's important that we provide reasonable alternatives for people who want to go without a car.

The trick is to describe the difference between Flexcar and typical car rental agencies in such a way that rental agencies can't simply change their business model to get the tax exemption.

This is difficult to do. I passed the bill out of the Finance committee, but added a two-year sunset. I want to make sure there aren't strange changes in existing rental car company business models that result in lost revenue that pays for several of the stadium bonds and contributes to transit funding.

In the House we proposed an alternative that would put money into the commute trip reduction program for people who use these services instead of owning a car. This isn't as clean, but it doesn't have the prospect of vast changes in our existing rental car tax setup. Unfortunately, the Senate did not support this approach. We will have to revisit this issue next year.

Save the Date:
Town Hall Meeting
May 20th at 6 p.m.
Redmond City Hall
15670 NE 85th St.

Printed on recycled paper

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Rep. Ross Hunter